

STATISTICAL BRIEF #69

February 2005

Estimates of Health Care Expenditures for the 10 Largest States, 2002

Steve R. Machlin, MS and John P. Sommers, PhD

Introduction

The Household Component of the Medical Expenditure Panel Survey (MEPS-HC) is designed to produce estimates of the health care use, expenditures, sources of payment, and insurance coverage among the U.S. civilian noninstitutionalized (community) population. While the MEPS-HC was designed primarily to ensure reliable estimates at the national and regional level for a large variety of population subgroups, the survey design permits estimation with reasonable precision for certain measures in many States.

Many factors can influence health care expenses in a particular State, including the demographic, socioeconomic, and health status characteristics of the population. Further, the prevalence and types of health insurance coverage in a State can impact access to care, the level of expenditures, and the extent to which different sources finance health care services.

This Statistical Brief presents variations from the national average in health care expenses for the 10 most populous States in 2002, the most recent year of expenditure data from the MEPS-HC. The brief specifically examines selected measures for the U.S. community population, including 1) the proportion of the population with selected types of expenses, 2) the average amount of expenses, and 3) the distribution of payments for health care across various sources. The 10 States presented in this brief together comprised just over half of the U.S. civilian noninstitutionalized population in 2002 and accounted for a similar share of the nation's health care expenditures.

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the 0.05 significance level are noted in the text. These estimates are also shaded in the tables, with those below the national average shown in light gray and those above the national average shown in dark gray.

Highlights

- In 2002, about 85 percent of the U.S. community population had some expenses for health care. The percentage with some expenses was lower than the national average in California and Texas but higher in Pennsylvania.
- In Texas, both the average health care expenses per capita and the average among persons with expenses were lower than for the nation as a whole. Conversely, both of these averages for Illinois were higher than the corresponding national averages.
- Relative to the U.S. as a whole, the proportion paid by Medicaid was higher in New York and lower in Florida and Pennsylvania.
- Larger proportions of aggregate expenses were paid out-of-pocket by residents of Georgia and Texas, while Michigan residents paid a lower proportion than the U.S. as a whole.

Findings

Percentage with health care expenses (from table 1):

- In 2002, about 85 percent of the U.S. community population had some expenses for health care. This proportion was lower in California (78.9 percent) and Texas (80.3 percent) but was higher in Pennsylvania (89.5 percent).
- About three-quarters of the U.S. population had expenses for ambulatory services provided in office-based, hospital outpatient, and/or hospital emergency department settings. Patterns of State differences from the national average in the likelihood of having ambulatory expenses generally mirrored those described above for some health care expenses.
- When compared to the U.S. as a whole, the percentage of California residents with expenses for prescribed medicines was lower (55.4 percent versus 64.4 percent), while Ohio had a higher proportion (69.3 percent versus 64.4 percent).
- The overall percentage of the U.S. population with some expenses for dental care was about 42 percent in 2002. The percentage was lower in three States: Texas (30.6 percent), Illinois (36.5 percent), and Florida (36.9 percent). Conversely, a significantly higher proportion of Michigan residents (50.9 percent) incurred expenses for dental care.
- About 7.5 percent of the U.S. population had expenses associated with hospital inpatient stays in 2002. Relative to the U.S. as a whole, the proportion with inpatient expenses was lower in California (6.1 percent) and higher in Pennsylvania (9.7 percent).

Average health care expenses (from table 2):

- In 2002, the average expenditure per capita (i.e., per person) in the U.S. community population for health care services was \$2,813. Among the approximately 85 percent of the population with expenses, the average expense per person was \$3,302.
- In Texas, both averages per capita (\$2,139) and per person with expenses (\$2,664) were lower than the corresponding national averages. Per capita health care expenses in Georgia (\$2,384) were also lower than the national average.
- In Illinois, both averages per capita (\$3,614) and per person with expenses (\$4,301) were higher than the corresponding national averages.

Distribution by sources of payment (from table 3):

- The proportion of expenses paid by Medicaid was different from the U.S. average for three States. In New York, this percentage was about twice the national average (22.3 versus 10.8 percent). Conversely, Medicaid paid for a notably smaller proportion of expenses in Florida (6.5 percent) and Pennsylvania (4.6 percent).
- In the aggregate, about one-fifth (19.1 percent) of health care expenses for the U.S. community population were paid out-of-pocket. Larger proportions were paid out-of-pocket by residents of Georgia (24.1 percent) and Texas (22.8 percent), while Michigan residents paid a lower proportion out-of-pocket (15.5 percent).

Definitions/Methodology

Population

Estimates presented in this brief are based on expenses for persons who were living in the community for all or part of the year. Persons in the military and those residing in nursing homes or other institutions for the entire year are not included.

Expenses

Expenses include total payments from all sources to hospitals, physicians, other health care providers (including dental care), and pharmacies for services reported by respondents in the MEPS-HC. Sources include direct payments from individuals, private insurance (including TRICARE), Medicare, Medicaid, and various other sources (including the Veterans' Administration, Workers' Compensation, and miscellaneous public sources).

Ambulatory care expenses

This sub-category of expenses encompasses those incurred for visits to office-based medical providers as well as for hospital-based outpatient and emergency services.

Prescribed medicine expenses

This sub-category of expenses includes those for all prescribed medications initially purchased or otherwise obtained during the year, as well as any refills.

Dental care expenses

This sub-category of expenses covers those for any type of dental care provider, including general dentists, dental hygienists, dental technicians, dental surgeons, orthodontists, endodontists, and periodontists.

Hospital inpatient stay expenses

This sub-category of expenses includes room and board and all hospital diagnostic and laboratory expenses associated with the basic facility charge, payments for separately billed physician inpatient services, and emergency room expenses incurred immediately prior to inpatient stays. Expenses for hospital stays with the same admission and discharge dates (i.e., zero night stays) are also included.

About MEPS-HC

MEPS-HC is a nationally representative longitudinal survey that collects detailed information on health care utilization and expenditures, health insurance, and health status, as well as a wide variety of social, demographic, and economic characteristics for the civilian noninstitutionalized population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

For more information about MEPS, call the MEPS information coordinator at AHRQ (301-427-1406) or visit the MEPS Web site at <http://www.meps.ahrq.gov/>.

References

For a detailed description of the MEPS-HC survey design, sample design, and methods used to minimize sources on nonsampling error, see the following publications:

Cohen, J. *Design and Methods of the Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 1. HCPR Pub. No. 97-0026. Rockville, Md.: Agency for Health Care Policy and Research, 1997.

Cohen, S. *Sample Design of the 1996 Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 2. HCPR Pub. No. 97-0027. Rockville, Md.: Agency for Health Care Policy and Research, 1997.

Cohen, S. Design Strategies and Innovations in the Medical Expenditure Panel Survey. *Medical Care*, July 2003; 41(7) Supplement: III-5–III-12.

Suggested Citation

Machlin, S. R. and Sommers, J. P. *Estimates of Health Care Expenditures for the 10 Largest States, 2002*. Statistical Brief #69. February 2005. Agency for Healthcare Research and Quality, Rockville, Md. <http://www.meps.ahrq.gov/papers/st69/stat69.pdf>

Table 1. Percentage with selected types of health care expenses: United States and 10 largest States, 2002

	Type of health care expense				
	Any expenses	Ambulatory care	Prescribed medicines	Dental care	Hospital inpatient stays
United States	85.2%	74.8%	64.4%	42.2%	7.5%
State					
California	78.9%	67.3%	55.4%	40.1%	6.1%
Texas	80.3%	68.3%	62.7%	30.6%	7.2%
New York	86.9%	77.8%	62.3%	43.0%	7.2%
Florida	82.1%	71.0%	61.9%	36.9%	9.2%
Illinois	84.0%	75.9%	64.1%	36.5%	8.5%
Pennsylvania	89.5%	80.8%	67.3%	46.1%	9.7%
Ohio	86.3%	77.2%	69.3%	43.8%	7.3%
Michigan	87.2%	76.4%	66.6%	50.9%	8.0%
New Jersey	87.9%	77.3%	65.8%	43.5%	6.0%
Georgia	82.9%	72.4%	63.6%	40.8%	7.6%

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2002

Table 2. Average health care expenses: United States and 10 largest States, 2002

	Population (millions)	Average total expenses	
		Per capita	Per person with expenses
United States	288.2	\$2,813	\$3,302
State			
California	35.4	\$2,440	\$3,091
Texas	21.6	\$2,139	\$2,664
New York	19.4	\$3,169	\$3,646
Florida	16.5	\$3,366	\$4,099
Illinois	12.7	\$3,614	\$4,301
Pennsylvania	12.3	\$3,127	\$3,494
Ohio	11.4	\$2,965	\$3,435
Michigan	10.0	\$3,398	\$3,899
New Jersey	8.7	\$2,603	\$2,961
Georgia	8.5	\$2,384	\$2,875

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2002

Table 3. Distribution of total health care expenses by source of payment: United States and 10 largest States, 2002

	Sources of payment				
	Private insurance	Medicare	Medicaid	Out-of-pocket	All other
United States	39.7%	22.0%	10.8%	19.1%	8.3%
State					
California	36.0%	22.7%	14.3%	17.9%	9.0%
Texas	38.6%	16.5%	13.3%	22.8%	8.8%
New York	33.8%	21.6%	22.3%	16.4%	5.9%
Florida	34.3%	28.4%	6.5%	19.8%	11.1%
Illinois	38.7%	20.2%	8.9%	19.4%	12.8%
Pennsylvania	37.6%	34.3%	4.6%	17.1%	6.4%
Ohio	47.1%	20.0%	8.3%	17.9%	6.8%
Michigan	46.8%	20.8%	9.4%	15.5%	7.5%
New Jersey	39.2%	22.6%	12.0%	19.5%	6.7%
Georgia	38.9%	19.9%	9.3%	24.1%	7.8%

Note: Percentages may not add to exactly 100.0 due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2002